

## **Allocation Bases**

**Possible Bases for Allocation:** Some possible bases for allocation are as follows. These are suggested bases only, and subrecipients are cautioned to review these bases for applicability to their programs. In addition, any base used for allocation of costs must comply with the requirements for an allowable base.

- Accounting - Number of transactions; direct labor hours; allowable survey methods
- Auditing - Direct audit hours; expenditures audited
- Budgeting - Direct labor hours
- Consumable Supplies - Total direct costs; direct labor hours
- Counselor - Direct labor hours; number of clients counseled
- Data Processing System - Usage; direct labor hours
- Disbursing Service - Number of checks issued; direct labor hours
- Fidelity Bond - Number of bonded employees
- Health Services - Number of employees
- Intake - Number of eligible clients; current period enrollments
- Legal Services - Direct hours
- Office Space - Square feet of space occupied; staff salary distribution
- Payroll Services - Number of employees
- Personnel Services - Number of employees
- Postage - Direct usage; acceptable survey methods
- Printing/Reproduction - Direct labor hours; job basis; pages printed
- Retirement System - Payroll; number of employees contributing administration
- Telephone - Number of instruments; staff salary distribution
- Travel - Mileage; actual expenses; direct labor hours
- Utilities - Square feet of space occupied; staff salary distribution

**Unacceptable Allocation Bases:** In general, unacceptable allocation bases are those that do not meet the general guidelines discussed above. Unacceptable bases are those that:

- Distort the final results
- Do not represent actual effort or actual expenditures
- Are not used consistently over time and with variations in funding
- Do not have an integral relationship to the types of costs being allocated.

Some commonly used bases that fall into this unacceptable category include the use of:

- **Relative funds available to allocate unassigned direct costs**
- **Job descriptions to allocate staff costs**
- **Fixed or predetermined number of staff hours assigned to an activity to allocate staff costs**
- **Planned client levels to allocate client-related costs**
- **Results from prior periods to allocate current period costs.**
- **Are based on budget or estimates**